

Department of Veterans' Services

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	497.3	760.3	772.3 ^{1/}
Personal Services	1,314,300	1,155,600	1,100,700
Employee Related Expenditures	470,000	458,600	453,800
Professional and Outside Services	6,400	5,500	5,500
Travel - In State	22,000	22,000	22,000
Travel - Out of State	10,600	10,700	10,700
Other Operating Expenditures	363,500	679,700	695,500
Equipment	18,900	75,800	75,800
OPERATING SUBTOTAL	2,205,700	2,407,900	2,364,000
SPECIAL LINE ITEMS			
Arizona State Veterans' Cemeteries	788,000	962,900	941,600
Arizona State Veterans' Homes	34,335,600	39,887,100	50,519,000
Veterans' Benefit Counseling	2,628,900	2,934,300	3,643,800
Veterans' Support Services	52,800 ^{2/}	1,228,400	1,226,100 ^{3/}
Veterans' Trauma Treatment Services	0	450,000	450,000 ^{4/}
Veterans' Suicide Prevention	0	100,000 ^{5/}	0
AGENCY TOTAL	40,011,000	47,970,600	59,144,500 ^{6/}
FUND SOURCES			
General Fund	5,675,400	7,983,500	8,625,500
<i>Other Appropriated Funds</i>			
State Homes for Veterans' Trust Fund	34,335,600	39,887,100	50,519,000
Veterans' Income Tax Settlement Fund	0	100,000	0
SUBTOTAL - Other Appropriated Funds	34,335,600	39,987,100	50,519,000
SUBTOTAL - Appropriated Funds	40,011,000	47,970,600	59,144,500
Other Non-Appropriated Funds	3,601,200	3,460,800	3,460,800
Federal Funds	4,258,700	30,205,500	30,205,500
TOTAL - ALL SOURCES	47,870,900	81,636,900	92,810,800

AGENCY DESCRIPTION — The agency supervises and operates 2 skilled nursing homes for Arizona veterans in Phoenix and Tucson, assists veterans in developing and filing claims for federal entitlements, and operates 3 veterans' memorial cemeteries in Sierra Vista, Marana, and Flagstaff.

FOOTNOTES

- ^{1/} Includes 81.5 GF and 644 OF FTE Positions funded from Special Line Items in FY 2022.
- ^{2/} Represents expenditures for the veterans' support services line item for FY 2020 and excludes \$1,149,800 in administrative adjustments to be spent in FY 2021.
- ^{3/} The amount appropriated for veterans' support services line item shall be distributed to a nonprofit veterans' services organization that provides support services among this state's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. Before the expenditure of the monies, the department shall submit an expenditure report to the joint legislative budget committee that includes the status of non-state matching grant monies. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{4/} Monies appropriated for the veterans' trauma treatment services line item shall be used to provide grants to contractors as defined in section 36-2901, Arizona Revised Statutes, that provide trauma treatment services training to any of the following health professionals licensed pursuant to title 32, Arizona Revised Statutes: 1. Physicians. 2. Registered nurse practitioners. 3. Physician assistants. 4. Psychologists. 5. Behavioral health professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner or behavioral health professional licensed pursuant to title 32, Arizona Revised Statutes, for independent practice. (General Appropriation Act footnote)

- 5/ The amount appropriated for the veteran suicide prevention shall be distributed to a 501(c)(3) organization located in southern Arizona that works with regional veterans' organizations to improve services to veterans to reduce veteran suicides. The appropriation is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2023. (General Appropriation Act footnote)
 - 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
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Operating Budget

The budget includes \$2,364,000 and 46.8 FTE Positions from the General Fund in FY 2022 for the operating budget. FY 2022 adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(43,900) from the General Fund in FY 2022 for statewide adjustments. (*Please see the Agency Detail and Allocations section.*)

Arizona State Veterans' Cemeteries

The budget includes \$941,600 and 12.5 FTE Positions from the General Fund in FY 2022 for the Arizona State Veterans' Cemeteries. FY 2022 adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(21,300) from the General Fund in FY 2022 for statewide adjustments.

Monies in this line item are used to partially offset the operating and maintenance costs for the 3 veteran cemeteries in Sierra Vista, Marana, and Bellmont. The department also receives interment fees from the federal government, which are deposited into the non-appropriated Arizona State Veterans' Cemetery Trust Fund.

Arizona State Veterans' Homes

The budget includes \$50,519,000 and 644 FTE Positions from the State Homes for Veterans' Trust Fund in FY 2022 for the Arizona State Veterans' Homes. FY 2022 adjustments are as follows:

Operating Costs for New Veterans' Homes

The budget includes an increase of \$9,866,900 from the State Homes for Veterans' Trust Fund in FY 2022 to further annualize the operating costs for new veterans' homes in Flagstaff and Yuma. The FY 2021 budget included \$3,397,300 of funding for the homes' start-up costs. Between the FY 2021 and FY 2022 appropriations, the total FY 2022 operating costs of the 2 homes would be \$13,264,200.

Increased Tucson Operating Capacity

The budget includes an increase of \$1,028,900 from the State Homes for Veterans' Trust Fund in FY 2022 to increase operating capacity at the Tucson Veterans' Home.

Rehabilitation Services

The budget includes an increase of \$495,300 from the State Homes for Veterans' Trust Fund in FY 2022 for additional rehabilitation services.

Statewide Adjustments

The budget includes a decrease of \$(759,200) from the State Homes for Veterans' Trust Fund in FY 2022 for statewide adjustments.

Construction for the two 80-bed facilities began in June 2019. As of July 2021, the Yuma home is expected to open in January 2022 and the Flagstaff home is expected to open in March 2022. The department estimates the final annualized operating cost of the 2 new homes will be \$22,750,000 in FY 2023 and beyond. Of this amount, the department anticipates using \$11,200,000 for the Yuma home and \$11,575,000 for the Flagstaff home. Operating cost estimates for the new homes are based on current homes' costs as well as anticipated occupancy levels. (*Please see the [FY 2020 Appropriations Report](#) for more history on the construction of the Yuma and Flagstaff homes.*)

The monies in this line item are used for expenses related to the Arizona State Veterans' Homes. Monies in this line item are from fees and reimbursements received from residents, the Department of Veterans' Affairs, Medicaid, Medicare, and private insurance carriers.

Besides Flagstaff and Yuma, ADVS operates the Phoenix Veterans' Home, a 200-bed facility currently serving 166 individuals. The Tucson Veterans' Home currently serves 120 individuals and has a 120-bed capacity.

Veterans' Benefit Counseling

The budget includes \$3,643,800 and 69 FTE Positions from the General Fund in FY 2022 for Veterans' Benefit Counseling. FY 2022 adjustments are as follows:

Additional Counselors

The budget includes an increase of \$774,000 and 12 FTE Positions from the General Fund in FY 2022 to provide additional counselors for Veterans' Benefit Counseling.

Statewide Adjustments

The budget includes a decrease of \$(64,500) from the General Fund in FY 2022 for statewide adjustments.

Monies in this line item are used to assist Arizona veterans with questions about benefit eligibility, completion and filing of U.S. Department of Veterans' Affairs claims, and in obtaining earned benefits.

Veterans' Support Services

The budget includes \$1,226,100 from the General Fund in FY 2022 for Veterans' Support Services. FY 2022 adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(2,300) from the General Fund in FY 2022 for statewide adjustments.

Funding for this line item shall be distributed to a nonprofit veterans' services organization that provides support services, including suicide prevention, to Arizona's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. The program currently includes a 24/7 hotline, career navigation services, and resource mapping.

The FY 2021 General Appropriation Act required the department to provide an expenditure plan to the JLBC which was favorably reviewed at the December 2020 JLBC meeting. The FY 2022 budget changes this review requirement to a reporting requirement.

Veterans' Trauma Treatment Services

The budget includes \$450,000 from the General Fund in FY 2022 for Veterans' Trauma Treatment Services. This amount is unchanged from FY 2021.

Monies appropriated for this line item shall be used to provide grants to contractors as defined in A.R.S. § 36-2901, that provide trauma treatment services training to any of the following health professionals licensed pursuant to Title 32, Arizona Revised Statutes: Physicians, Registered Nurse Practitioners, Physician Assistants, Psychologists, and Behavioral Health Professionals who are either licensed for individual practice or supervised by

a psychologist, registered nurse practitioner, or behavioral health professional licensed pursuant to Title 32, Arizona Revised Statutes, for independent practice.

Veterans' Suicide Prevention

The budget includes no funding in FY 2022 for Veterans' Suicide Prevention. FY 2022 adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(100,000) from the Veterans' Income Tax Settlement Fund in FY 2022 for the elimination of one-time funding for the Warrior Healing Center.

Other Issues

FY 2021 Supplemental

The FY 2022 budget includes an FY 2021 supplemental appropriation of \$100,000 from the Veterans' Income Tax Settlement Fund to be distributed to a 501(c)(3) organization located in southern Arizona that works with regional veterans organizations to improve services to veterans to reduce veteran suicides.

Hyperbaric Oxygen Therapy Fund Deposit

Laws 2018, Chapter 98 created the Hyperbaric Oxygen Therapy Fund and made an initial deposit of \$25,000 from the General Fund.

Monies in the Hyperbaric Oxygen Therapy Fund are non-appropriated and non-lapsing. The bill requires an advisory committee to provide financial assistance from the fund to veterans for hyperbaric oxygen therapy. The Department of Veterans' Services may seek reimbursement to the fund if the therapy is fully or partially covered by private insurance.

As of June 30, 2021, the department had not spent any of the appropriation. The department is in the process of recruiting volunteers to sit on the advisory committee. Laws 2018, Chapter 98 advanced appropriated \$25,000 from the Hyperbaric Oxygen Therapy for Military Veterans Fund to the General Fund in FY 2023.

Auditor General Report

In July 2020, the Auditor General published a Department of Veterans' Services performance audit that included recommendations for improvements to the Military Family Relief Fund. A.R.S. § 41-608.04 created the Post

9/11 Military Family Relief Advisory Committee to establish criteria for the use of monies in the post-9/11 veterans' subaccount and review applications.

As part of the sunset review process pursuant to A.R.S. § 41-2951, the Auditor General identified that the Committee used several eligibility criteria that exceed what is set forth in statute. For example, statute required that the service member have been deployed, while eligibility criteria required deployment to a combat zone. The audit recommended that the department only use eligibility criteria established in statute.

Additionally, the Auditor General concluded that the Department of Veterans' Services lacked proper internal controls to properly safeguard monies in the Military Family Relief Fund. The Department of Veterans' Services agrees with the findings and is working to revise statutory language and implement internal controls.

Northwestern Veterans' Home

The budget includes \$25,000,000 from the General Fund in FY 2022 for the construction and establishment of a veterans' home facility in the Northwestern portion of Arizona.

The Department of Veterans' Services is required to submit the proposed site location to the Arizona Veterans' Service Advisory Commission for approval.